

Internationalization form

[Business](#), [Management](#)



In characterizing the different international business forms available, Bartlett and Ghoshal (1989) have made a distinction between global, international, transnational and multinational organizations. Wax's organizational structure can be described as an integrated network structure, with resources, decisions, and responsibilities being dispersed and specialized, but interdependent. Each of the different local units makes differentiated contributions to Wax's worldwide operations, and its strategic advantage derives from the ability to achieve worldwide competitiveness, local responsiveness, and global innovation simultaneously.

As such, it can be typified as a transnational (Bartlett and Ghoshal, 1989). Pelmutter has made a distinction between ethnocentric, polycentric, heterarchical, and geocentric organizations (Hedlund, 1986, p. 9-35). Using Pelmutter's typology, Wax's organizational structure can be described as a heterarchy (or network) (as opposed to a mother/daughter, divisional, or matrix structure), with the role of its various subsidiaries being to make local contributions to the firm's local as well as global strategies.

Its strategic advantage can be described as deriving from the flexibility in the worldwide market that its structure affords. As such, using Pelmutter's classification, the form of decentralization at Wax can be described as heterarchical rather than ethnocentric, polycentric, or geocentric (Hedlund, 1986, p. 9-35). References: Hedlund, G. 1986. "The hypermodern MNC – A heterarchy?" *Human Resource Management*, Vol. 25 1986, No. 1, pp. 9-35. Bartlett, C. A. and Ghoshal, S. 1989. *Managing across borders: The transnational solution*.

Boston. Q. 2: Explicate how a management accounting system could enable the Salvation Army to respond to the la? cit? requirements. Specify how resource allocation could be accounted for: Cost control is a central component of management accounting. Using techniques such as lifecycle costing and activity-based costing, the Salvation Army will be able to “identify, measure, analyze, accumulate, prepare, interpret, and communicate” the proper costs relating to key activities such as social work and evangelism (CIMA, 2009).

In this regard, the management accounting system will help to provide a proper perspective on costs, thus helping to rein in costs and improve cost transparency. This will help the organization to meet its goals more appropriately (for example, getting a proper handle on costs would help it reach more people with soup, soap and salvation), while enhancing transparency and accountability in the way it uses its resources (Lucey, 2003).

The establishment of an effective management accounting system (underpinned by a modern management information system) will yield a more accurate and precise platform for the “identification, measurement, analysis, accumulation, preparation, interpretation, and communication” of information (CIMA, 2009). This in turn will aid and drastically help improve the operational and financial performance of the organization, given that both operational and financial decisions will be made on the basis of such information. Given that management accounting is forward-looking, it will facilitate forecasting and planning (Lucey, 2003).

Such a management accounting system will help to identify risks that may hinder the organization from meeting its goals (for example, a likelihood of

reduced donor funds), and towards this end, will facilitate the implementation of risk management strategies to avert the risks and help the Salvation Army meet its objectives (Lucey, 2003). Resource allocation must ensure a balance between the organization's social and spiritual goals. Towards this end, a proper determination of the resources required by each of these two departments must be made, priorities ranked, and matched to the resources available.

Qualified accountants must be given the independence and authority to draw the organization's financial statements, which must be audited by external and independent auditors such as those from the Ministry of Social Services (given that the Salvation Army is also a charity) (Chadwick, 1993).

References: Chadwick, L. 1993. Management accounting. Routledge. ISBN 0415070848, 9780415070843 Chartered Institute of Management Accountants (CIMA). 2009. Official terminology. Lucey, T. 2003. Management accounting. Continuum. ISBN 0826463606, 9780826463609.